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SUMMARY

¶1. (SBU) Welcome to the third edition of the Panama Post, a collaborative effort between Embassy Panama's Political Section and the Open Source Center (OSC). Having last left our readers before the holiday season lull, the Panama Post is happy to report that the politicians and those who care about them are back in force and ramping up for three months of non-stop general election campaigning. Candidates are defying conventional wisdom, allies are lining up with perceived winners and juicy nuggets of political information have been flying across our desk blotters. In this edition of Panama Post, our headlines are:

- Martinelli's VP-from Patriotic Union (UP), but not the one you expected
- MOLIRENAS drop Varela to save themselves
- Balbina Herrera - It's all about me
- Torrijos drags Balbina down - in more ways than one?
- PRD: How to pin down Martinelli?

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Martinelli's VP-from UP, but not who you expected

¶2. (SBU) Ricardo Martinelli, Democratic Change (CD) presidential candidate and current front-runner announced January 12 that he had picked Leopoldo Benedetti, a Patriotic Union (UP) National Assembly delegate from Colon, as his Vice-presidential running mate. The CD board is expected to rubber stamp this nomination, thereby fulfilling Martinelli's promise to the UP to select one of its own for VP.

¶3. (SBU) Martinelli's pick of Benedetti surprised political observers, most of whom had expected him to pick a high-profile party member such as UP President Jose Raul Mulino, former Panamanian First VP Guillermo (Billy) Ford or UP VP Anibal Galindo. There was also talk of Martinelli picking an independent, such as TV personality Lucy Molinar. Benedetti, 65 years old, has served two non-consecutive terms as a low-profile but well-respected member of the National Assembly representing Colon. Benedetti, who in his

legislative career has either been in opposition or a minor alliance partner of the governing party, has no legislative accomplishments to his name, and no national following. Benedetti has, however, been a stalwart advocate through thick and thin for the national government to complete the Panama City-Colon highway, perhaps the top political issue for Colon province. Benedetti does have an impressive political machine in Colon, which could help Martinelli to draw votes in the populated, but often overlooked, Caribbean city. His machine is built upon the support of 21 representatives, precinct or circuit-level local politicians.

¶4. (C) COMMENT: Rumors abound that Martinelli will try to further consolidate the UP alliance by supporting Billy Ford as Panama City Mayor. These rumors that have been sparked by cryptic comments from Martinelli during the UP convention that he "had a surprise" for Ford and that Ford's "political career is not over." The UP already has an official candidate for PC Mayor - Ivan Blasser - though he is not doing well. Panama City is also rife with rumors that a "rift" has opened inside UP. Don't believe the hype! Ahead of PRD Presidential candidate Balbina Herrera by at least 13 point and benefiting from a powerful bandwagoning effect that is drawing opposition leaders to his cause, Martinelli is in the cat-bird seat. Mulino and Galindo are likely annoyed and irked, but have nowhere else to turn at this point. By selecting Benedetti, Martinelli fulfills his commitment to UP to name a UP member as his running mate and outflanks Mulino and Galindo. By holding out the prospect for a "surprise" for Ford, Martinelli keeps Ford in the fold as well. Additionally, by naming UP candidate for a National Assembly seat Guillermo Ferrufino as his "social policy" tsar, Martinelli harnesses a bit of this former model and current TV personality's aura and demonstrates his commitment to integrate UP into his team.

¶5. (C) Just in: Martinelli and Panamenista Party presidential candidate Juan Carlos Varela engaged in detailed discussions, sequestering themselves in the sun room of the Ambassador's residence during the Embassy's Inauguration Day event. The Panama Post understands that a tentative agreement was reached under which Varela would become Martinelli's VP running mate, Benedetti would step aside, and a united opposition slate -- minus Moral Vanguard of the Party (VMP) -- would present a consolidated front against the governing Revolutionary Democratic Party (PRD). Emerging from the sun room, Martinelli and Varela acknowledged that they had achieved a rapprochement (this was their first meeting in public in a few months) and pronounced their commitment to bring real change to Panama. Benedetti, also present at the reception, noted that he was not an "egotistical man" and was prepared to do what was necessary to foster that change. Former Panamenista primary presidential nomination contender Alberto Vallarino noted privately in an aside that he had been tapped to serve as a "bridge" to bring together the Panamenista and CD parties. Parties and candidates must make formally declare their intention to run for office with the Electoral Tribunal by February 2. Stay tuned.

MOLIRENistas drop Varela to save themselves

¶6. (C) Members of the National Liberal Republican Movement (MOLIRENA) overwhelmingly confirmed their leadership's decision to join Martinelli's alliance at its convention on January 11, with 562 of 569 delegates voting in favor. This confirms the decision made by its National Executive Committee (CEN) on December 23 to leave the Panamenista alliance, headed by candidate Juan Carlos Varela, and join instead to the surging Martinelli. The MOLIRENAs, who have 59,693 members, are the Panamenistas traditionally ally, though they had been formally allied with the Panamenistas for only a month before abandoning them. Varela's team publicly dismissed the importance of this move, but rumors are flying that Varela is being pushed by the old-line

leaders to change strategy immediately to reverse his precipitous fall in the polls.

17. (C) "Both Alberto Vallarino and Mireya Moscoso are working behind the scenes" to get Varela to step down, according to MOLIRENA leader Olimpio Saez, a former legislator and Ambassador told the Panama Post on January 6. Saez characterized Varela as a "stubborn" candidate who refuses to step aside, despite the fact that he has known since November that his candidacy was going nowhere. Saez, who was an early proponent of the MOLIRENA-Panamenista alliance, called publicly for the MOLIRENAistas to switch their allegiance to Martinelli's CD in order to save the party. Roberto Henriquez, Vice-president of CD, echoed this fact in a January 7 conversation with POLOFF, in which he said that 80% of MOLIRENA would eventually support Martinelli. The MOLIRENA members switched their allegiance to Martinelli to save their party, asserted Henriquez. (NOTE: According to electoral law, a party must receive 4% of votes cast during an election to remain an officially recognized party. MOLIRENA needs to be allied to a popular candidate to have any hope of getting that many votes, and remain a party. END NOTE) Though MOLIRENA does not bring much to Martinelli's alliance, MOLIRENA's departure from its alliance with the Panamenistas is more than symbolic. Polling agency Unimer reported on January 12 that 58 percent of its total sample believed that MOLIRENA's break with the Panamenistas would negatively affect Varela and a whopping 60.4 percent of Panamenistas themselves believed the same.

Balbina Herrera - It's all about me

18. (C) Democratic Revolutionary Party (PRD) Presidential candidate Balbina Herrera, despite also being party president, had created a "parallel structure" of "inexperienced PRDs" and was ignoring other PRD candidates further down on the ticket, said Leandro Avila, popular San Miguelito National Assembly member and former PRD majority leader in a January 7 conversation with the Panama Post. According to Avila, Herrera was stoking dissension in the PRD by refusing to campaign for anyone but herself, and has made it clear that other PRD candidates were on their own financially and politically. In response, the PRD's "petit committee" of San Miguelito met December 29 and decided not to campaign for Herrera, but to focus their energies on getting at least 7 of 9 National Assembly members elected. (Note: San Miguelito. Panama's second largest municipality, is a heavily populated, electorally important district that is overwhelmingly poor and pro-PRD.) San Miguelito PRD members were also planning to "retrench" in the face of a likely Martinelli victory. "If by February 15 she doesn't do any better in the polls, Martinelli will be President," said Avila.

19. (C) COMMENT: Herrera's primary contender and now VP running mate, Juan Carlos Navarro, though he lost the nomination, was more successful at securing victories in the PRD primary for his candidates further down the ticket. Indeed, Herrera's primary coattails were practically nonexistent. Navarro assiduously used his presidency of the Panama Mayors Association and advocacy for greater decentralization to build a nationwide base of support. It is not clear that Navarro will or is even inclined to mobilize this network of down-ticket PRD candidates to Herrera's cause.

Torrijos drags Balbina down - in more ways than one?

110. (C) Balbina Herrera's "continuity" message is killing her, because the people are very dissatisfied with the Torrijos government, said Roberto Henriquez told POLOFF. According to Henriquez, Herrera lacks a "coherent message" and has, along with Torrijos, been dragged down in the public mind by stagnant wages, the high cost of food and

electricity, and the decline in public services. According to Avila, there is more to this story than just the fact that Herrera and Torrijos are members of the ruling party. Torrijos was "doing everything he could to ensure that Herrera would lose and that Torrijos would control the National Assembly," Avila asserted. Ostensibly, Torrijos wanted to control the National Assembly so that a PRD majority would be able to "amend the law for him to come back in five years instead of ten."

¶11. (C) COMMENT: Panamanian law requires a former President to wait ten years (two terms) before running for president again. Avila asserted that Torrijos was buying National Assembly votes by allowing companies involved in highway, bridge and other government projects to overcharge the government. Presumably these companies are either owned by National Assembly members, or their family members, or their supporters, although Avila did not say this directly. Post has no independent confirmation of Avila's assertions. To change the Constitution, Torrijos would need the current National Assembly and the next National Assembly to approve the same constitutional amendment.

PRD: How to pin down Martinelli?

¶12. (C) "The PRD is terrified of Martinelli, they don't know what to do against him," according to Saez, noting that the PRD had not been able to drive the debate in recent weeks. Herrera and the PRD have accused Martinelli in several forums of trying to "buy" the election, and have posted anonymous posters in Panama City touting that claim. Martinelli responded aggressively, turning this theme back on Herrera by taking out full-page ads in most leading newspapers stating "Balbina Herrera: You cannot buy decent Panamanians." Further, the CD has filed a complaint with the Attorney General on behalf of a person who claims that the PRD threatened her and offered her cash for information about Martinelli.

¶13. (C) COMMENT: Henriquez told POLOFF that the key with negative attacks was to immediately and aggressively respond, something that the CD publicity machine is clearly doing. Henriquez noted that Varela had failed to follow this rule when CD attacked him, and that had led to his fall in the polls.

STEPHENSON